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GENERAL

25X1A 1. US-Philippine treaty of alliance suggested:

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In the opinion of US Ambassador Cowen, a bilateral US-Philippine pact of alliance would help substantially to allay unfavorable Philippine reaction to the draft Japanese peace treaty.

Such an arrangement would quiet Philippine fears over the resurgence of Japanese military power and serve as a "face-saver" in the current uproar over the peace treaty.

Comment: Although popular protest continues against the reparations clause in the Japanese peace treaty, the Philippine Government, evidently realizing that the US is adamant on the reparations issue, is now directing its criticisms against the inadequate security provisions of the treaty. President Quirino told his Council of State on 17 July that adequate controls to safeguard Philippine security are more important than reparations, and that, since the treaty fails to provide sufficient guarantees, it is therefore unacceptable to the Philippines. If the government can turn public attention toward the security problem and subsequently negotiate a US-Philippine alliance, it will have neatly resolved the dilemma created by its extravagant public demands for reparations.

25X1A 2. Current views on European Army concept:

[REDACTED]

The Italian representative to the NATO council of deputies expresses skepticism that an effective European Army can be formed. The Netherlands Foreign Minister states that his government is still unconvinced that such an army is desirable.

The Italian representative believes that the French view a European Army primarily as a means of insuring French hegemony over Germany and Italy and that national differences would prevent real progress toward European

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integration in any field unless the US constantly participated as the "honest broker." The Dutch Minister remains "very skeptical" of the Army's success and the sincerity of present German cooperation.

Comment: The views of the Italian representative go beyond those expressed to date by the Italian Government. The Netherlands is not represented at the European Army Conference, and its opposition stems from dislike and distrust of French leadership on the continent and, to a lesser extent, the fear of a rebirth of German power.

The French have recently shown new enthusiasm for their original proposal for a European Army, which was designed to avoid the re-establishment of a German national army and particularly of the German General Staff. The Germans appear willing to accept the European Army idea, once German conditions -- chiefly in regard to size of units -- are met. The Italians support the French proposal in principle, only if the implementation of the European force does not delay Western defense.

The UK remains cool to the European Army concept, but probably will accept a compromise of the proposals recently made at the Petersberg and Paris talks. In the event of UK approval and adherence to the concept of a European Army, as well as more evident US interest to counterbalance France and Germany, the Dutch will be more ready to participate in the discussions for organizing the Army.

General Eisenhower believes that the solution of the problem of European defense is impossible until the German problem is solved, and states that the time has come to press for immediate action.

25X1A 3. Opposition to admission of Greece and Turkey in NATO continues:

In the NATO deputies' discussion of 16 July, the Netherlands and Portugal supported the Norwegian position against the admission of Greece and Turkey to NATO. The Netherlands

pointed out that to admit Greece and Turkey would be to lose the homogeneity of the present regional group in NATO and to change it into a purely military alliance.

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Portugal, Belgium and the Netherlands agreed with other NATO countries on the military necessity for using Greek and Turkish troops in the Mediterranean, but reiterated their suggestion for a regional alliance tied to NATO through "reciprocal obligations," in effect through a military liaison.

Comment: The crux of the difficulty is the requirement for unanimous NATO agreement on the admission of new members. The small NATO countries are heartened in their opposition by the reluctant attitude of France, whose final decision awaits the formation of a government. The UK's agreement with the US position probably can serve as the opening wedge to achieve favorable action on the admission of Greece and Turkey.

NEAR EAST

4. Comment on the assassination of King Abdullah:

The assassination of King Abdullah of Jordan by a terrorist reportedly in contact with the former Grand Mufti of Jerusalem removes a resolutely anti-Communist, pro-Western ruler from the Arab world. The end of Abdullah's influence will most immediately and directly affect the British, who rely on the British-trained, officered, and financed Arab Legion (the army of Jordan) as the only competent and dependable Arab army in the Near East. The confusion and possible disorders which may result can only benefit the anti-Western elements in the Near East.

The sixty-nine year old king had many enemies both in the neighboring Arab states and in Jordan. Distrust and resentment of him stemmed from his apparent willingness to try to sign a treaty with Israel and from his sporadic attempts, in conjunction with his nephew, the Regent of Iraq, to establish a Greater Syria, consisting of Jordan, Iraq, and Syria.

The former Mufti, currently in Lebanon, is strongly anti-British. He had attempted to set up an independent Arab government in Palestine after the creation of Israel and has violently opposed

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the incorporation of the major part of Arab Palestine into Jordan.

Riad al-Solh, the former Prime Minister of Lebanon who was assassinated in Amman on 16 July, was a contributor to the former Mufti's funds. Unconfirmed rumors that a carload of Lebanese gunmen had been stopped at the Syrian border on their way to Jordan to avenge the death of Solh suggest the additional possibility of a connection between the two assassinations.

Prince Naif, the king's second son, has been named temporary regent. Abdullah's eldest son Tallal, the heir apparent, is currently undergoing treatment in a mental institution in Switzerland. Under the terms of the constitution Tallal's mental condition precludes his becoming monarch, and his fifteen year old son Hussein accordingly is the legal successor.

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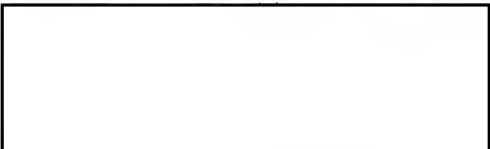
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6. Britain wants US to withhold Iranian aid:

 The British Ambassador in Washington has informed the Department of State that his government assumes the US will withhold assistance of any kind to Iran at this time, including the proposed 25 million dollar Export-Import Bank loan.

Comment: The Foreign Office has held consistently that British and US interests in the Iranian situation are essentially the same, and that the US therefore ought fully to support British efforts to penalize irresponsible Iranian behavior. The Foreign Office has also been considering a trade embargo against Iran, but so far there have been no indications that the US would be asked to participate in such action.

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EASTERN EUROPE

8. Yugoslavs fear possible consequences of Western support of Italian claims to Trieste:

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Yugoslavia has protested to the US, British and French Governments against the Western policy for the return of Trieste to Italy. The Yugoslav Government has warned the Western

Powers that this policy seriously weakens Yugoslavia's international position and encourages Italian irredentists who are now calling for the return of all of Trieste as well as the Yugoslav cities of Pola, Istria and even ^{the} Dalmatian ports. The Foreign Office official who made the representations to US Ambassador Allen stated that Moscow, through the Communist Parties in Italy, Greece and Austria, was making every effort to prevent a rapprochement between Yugoslavia and these countries.

Comment: The recent Western reaffirmation of the March 1948 tripartite declaration was made to allay the current Italian agitation over Trieste which was aroused by the refusal of the Allied Military Government to recognize Italian jurisdiction over Trieste courts. Yugoslav leaders are taking a serious view of the current Italian agitation over the issue, probably because it coincides with Italian demands for a revision of the military clauses of the Italian Peace Treaty.

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LATIN AMERICA

25X1A 10. Brazilian Chief of Staff to discuss military matters with UN and US officials:

Brazilian Foreign Minister Neves da Fontoura has informed the US Ambassador that the purpose of General Gois Monteiro's visit to the US is to discuss the position of

Brazil's armed forces in relation to the UN and the US. Neves made it clear that discussion of these points would inevitably bring forward the question of equipment for the Brazilian armed forces.

The Foreign Minister also stated that the general had no other instructions than those in the military field and that matters involving investment of US capital in Brazil and receipt of petroleum equipment "are in my field."

Comment: General Gois Monteiro, Chief of the Armed Forces General Staff, arrives in New York on 23 July for a series of talks with UN officials in New York and US officials in Washington. It is quite likely that as these conversations proceed Gois Monteiro will bring up such economic matters as the question of oil refinery and factory equipment -- as indicated by the US Ambassador.

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